

**STATE OF DELAWARE**  
**OFFICE OF**  
**AUDITOR OF ACCOUNTS**

**PENCADER BUSINESS AND FINANCE  
CHARTER HIGH SCHOOL  
STUDENT ACCOUNTING AND  
ENROLLMENT**

**AGREED-UPON PROCEDURES ENGAGEMENT**

**SEPTEMBER 30, 2006**

**FIELDWORK END DATE: JANUARY 8, 2007**

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**AUDITOR OF ACCOUNTS**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Valerie A. Woodruff  
Secretary  
Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, DE 19903-1402

Mr. David Jones  
Principal  
Pencader Business and Finance Charter  
High School  
170 Lukens Drive  
New Castle, DE 19720

We have performed the procedures enumerated below, which were agreed to by Pencader Business and Finance Charter High School (the School). The procedures were performed solely to assist the specified parties in evaluating the School's compliance with laws and regulations in regard to Student Accounting and Enrollment as of September 30, 2006. Management of the School is responsible for the School's compliance with those requirements.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

1. Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30<sup>th</sup> student count are adequate.
2. Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.
3. Select ten percent or a minimum of five "Individualized Education Program" (IEP) files at the School and verify that each file contains the required documentation in accordance with the Department of Education's (DOE) Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the School and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of Controller General, Office of the Attorney General, Office of Management and Budget, and Department of Finance.

R. Thomas Wagner, Jr., CFE, CGFM, CICA  
Auditor of Accounts  
Office of Auditor of Accounts

January 8, 2007

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# SCHEDULE OF FINDINGS

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## **Procedure #1**

Determine if the School's policies and procedures for preparing, reviewing, and reporting the September 30<sup>th</sup> student count are adequate.

## **Finding #1**

The School does not have sufficient written internal policies and procedures governing the preparation, review, and reporting of the September 30<sup>th</sup> student count. The School had written policies and procedures, but they were lacking in the following areas:

- Timeframes for the submission of documentation.
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.).
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks and objectives, etc.).
- Record retention policy.

The State of Delaware *Budget and Accounting Policy Manual* states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the manual states, "Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organization operation." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met."

Lack of sufficient policies and procedures may result in an inaccurate student count at September 30<sup>th</sup>.

## **Recommendation**

The School should develop and implement complete in-house written policies and procedures governing the preparation, review, and reporting of the September 30<sup>th</sup> student enrollment figures to the DOE. These policies and procedures should incorporate information such as:

- Timeframes for the submission of documentation.
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.).
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks and objectives, etc.).
- Record retention policy.

## **Auditee Response**

Pencader Business & Finance Charter High School will complete in-house written policies and procedures to include:

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# SCHEDULE OF FINDINGS

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- Time frames for submission of documentation.
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.).
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks and objectives, etc.).
- Record retention policy.

## **Procedure #2**

Determine if the School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

## **Finding #2**

The School did not comply with the DOE Within State Transfer Student procedures. The School did not have the required Within State Transfer documentation for two students that transferred in to the School during the official enrollment period.

According to the 2006 Summary of Delaware Code and Department of Education Regulations for the September 30<sup>th</sup> Enrollment and Unit Computation manual "Districts and charter schools enrolling a within-state transfer student during the last ten days of attendance in September shall notify the student's previous district of such enroll no later than the last student attendance day of September." Further, the manual states "Copies of the fax transmittals and follow-up letters must be on file to substantiate the student's inclusion in the receiving district's enrollment and unit count."

Failure to follow the notification procedure could have resulted in the inclusion of the same student in two different district enrollments.

## **Recommendation**

The School should develop control procedures to ensure that all within-state transfer student documentation is maintained on file.

## **Auditee Response**

Pencader Business & Finance Charter High School will develop control procedures to ensure that all within-state transfer student documentation is maintained on file.

## **Procedure #3**

Select ten percent or a minimum of five "Individualized Education Program" (IEP) files at the Charter School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

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# SCHEDULE OF FINDINGS

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## **Finding #3**

The School did not correctly obtain all the necessary signatures in completing IEP documentation. Based on our review of IEP documentation, correspondence and discussion with the DOE Exception Children and Early Childhood Education, IEP Review Team, the following was determined:

In November 2006, the DOE Exception Children and Early Childhood Education, sent an IEP Review team to the School and determined that six IEP's did not contain all the necessary signatures.

In December 2006, the Office of Auditor of Accounts (AOA) reviewed five IEP's and confirmed one didn't contain the signatures of the regular education or administrative designee. In February 2007, the IEP Review Team ultimately disallowed 3 of IEP's that they reviewed.

Title 14 *Delaware Administrative Code* Section 925, § 5 "As part of the on going responsibility for the monitoring and evaluation of programs to determine compliance with state and federal requirements, the school district or other public agency shall review the IEPs of children with disabilities to determine that their content is consistent with requirements of these regulations. Documentation of monitoring efforts shall be maintained by the school district or other public agencies." Signatures of the required teachers and administrative personnel provide evidence that the school complied with the documentation requirements.

At the time our audit was completed, the School's final funding had not yet been calculated. As a result of management's oversight, the incorrect completion of IEP documentation in conjunction with the incorrect classification of IEP (Finding #4) resulted in the loss of .125 funding units or \$10,915.

## **Recommendation**

The School should put controls in place to ensure compliance with maintenance of IEP's, including obtaining the appropriate authorizing signatures.

## **Auditee Response**

Pencader Business & Finance Charter High School will develop and implement controls to ensure compliance with maintenance of IEP's, including obtaining the appropriate authorizing signatures.

## **Finding #4**

The School incorrectly reported the classification of special needs children on their DOE unit count forms. The School incorrectly classified two special education student disabilities. One student was classified as Educable Mental Disability (EMD) when the IEP indicated Learning Deficient (LD). A second student was classified as Learning Deficient (LD) when the IEP indicated that the student was Other Health Impaired (OHI).

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# SCHEDULE OF FINDINGS

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Title 14 *Delaware Administrative Code* 701 states, “students shall be reported for the level of special education service as defined by the current IEP.”

At the time our audit was completed, the School’s final funding had not yet been calculated. The misclassification of special needs children and the lack of signatures on IEP documentation (Finding #3) resulted in a loss of .125 funding units or \$10,915.

## **Recommendation**

The School should implement control procedures to ensure accurate reporting in the future that students are classified in the correct Special Education category. Additionally, the School should review and update records for the correct disability category for the two students.

## **Auditee Response**

Pencader Business & Finance Charter High School will implement control procedures to ensure accurate reporting in the future that students are classified in the correct Special Education category. The School will review and update records for the correct disability category for the two students.



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# DOLLAR IMPACT

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There was no dollar impact/savings identified as a result of applying the specified agreed-upon procedures.

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# DISTRIBUTION OF REPORT

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Copies of the Pencader Business and Finance Charter High School Agreed-Upon Procedures Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware  
The Honorable Richard S. Cordrey, Secretary, Department of Finance  
The Honorable Jennifer W. Davis, Director, Office of Management and Budget  
The Honorable Valerie A. Woodruff, Secretary, Department of Education  
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General

Other

Mr. David Jones, Principal, Pencader Business and Finance Charter High School  
Mr. Dean McGrory, Chairman, Board of Education, Pencader Business and Finance Charter High School